

# City of London Corporation Committee Report

<b>Committee(s):</b> Hampstead Heath, Highgate Wood and Queen's Park Committee	<b>Dated:</b> 08/12/2025
<b>Subject:</b> Revenue and Capital Budgets – 2026/27 – Hampstead Heath	<b>Public report:</b> For Decision
<b>This proposal:</b> <ul style="list-style-type: none"> <li>• <b>delivers Corporate Plan 2024-29 outcomes</b></li> <li>• <b>provides statutory duties</b></li> </ul>	Providing Excellent Services Flourishing Public Spaces
<b>Does this proposal require extra revenue and/or capital spending?</b>	No
<b>If so, how much?</b>	£0
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	Executive Director Environment Chamberlain
<b>Report author:</b>	Niranjan Shanmuganathan, Chamberlain's Department

## Summary

This report presents for approval the revenue and capital budgets for Hampstead Heath charity (charity registration no: 803392 and 803392-1) for 2026/27, for subsequent submission to Finance Committee.

The proposed draft revenue budgets for 2026/27 for Hampstead Heath amounts to £4.383m net expenditure. This represents a decrease of £384k compared with the original budget for 2025/26 of £4.767m.

The proposed budget for 2026/27 has been prepared within the resource envelope allocated to each Chief Officer by Resource Allocation Sub-Committee, including an inflationary increase of 3% as well as contingency funding provided relating to the pay award effective from July 2024 and increases in employer's national insurance. The charity's core grant for 2026/27 also includes funding for the transfer of support services staff at Hampstead Heath whose costs were previously met by the Directorate.

The resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set a balanced budget for the year ahead.

The report also reframes the proposed budget to show net expenditure as grant funding from City's Estate for 2026/27 which is broken down according to the individual elements of the grant (Core Grant – based on net Local Risk Expenditure,

City Surveyor Works, Corporate Recharges and Support Services and Central Risk Expenditure). In addition, the appendices include a summarised version of the budget for the charity set out in the format of the Statement of Financial Activities (SOFA) in line with best practice for the financial reporting of charities. Further details on proposed Grant Funding Model principles and arrangements are presented to Members for discussion and endorsement in the Natural Environment Charities Review – Grant Funding Model Principles paper.

## **Recommendation(s)**

Members are asked to:

- i) note the latest revenue budget for Hampstead Heath charity for 2025/26;
- ii) review and approve the proposed draft revenue budget for 2026/27 for Hampstead Heath charity for submission for approval by the Finance Committee;
- iii) review and approve capital and supplementary revenue project budgets for Hampstead Heath for 2026/27 for submission for approval by the Finance Committee; and
- iv) authorise the Chamberlain, in consultation with the Executive Director, Environment to approve amendments for 2025/26 and 2026/27 budgets arising from changes to recharges & support services or for any further implications arising from corporate contracts, energy price increases, changes to the Cyclical Works Programme (CWP) and depreciation during budget setting.

## **Main Report**

### **Introduction**

1. The City of London Corporation owns and manages almost 11,000 acres of historic and natural Open Spaces for public recreation and enjoyment. This includes Hampstead Heath which is a registered charity funded from City's Estate. The charity is run at no cost to the communities that it serves and are currently funded principally by the City, together with donations, sponsorship, grants and trading income.
2. This report sets out the latest budget for 2025/26 and the proposed revenue budget for 2026/27 for Hampstead Heath charity and under the control of the Executive Director Environment, analysed between:
  - **Local Risk Budgets** - these are budgets deemed to be largely within the Chief Officer's control and include budgets managed by the Executive Director Environment as well as by the City Surveyor specifically for repairs and maintenance and the Cyclical Works Programme (CWP);
  - **Central Risk Budgets** – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside of his/her control or are budgets of a corporate nature; and

- **Recharges & Support Services** - these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.
3. Please note that City Corporation reporting convention (see Table 1) uses brackets to denote income, decreases in expenditure, or increases in income. However, where charity style reporting has been introduced in this paper (Table 2 and appendices), the convention is to show both income and expenditure without brackets, which are instead used to denote deficits or adverse variances. Only significant variances (generally those greater than £50k) have been commented on and are referenced in Appendix 1.
  4. For 2026/27, budgets include:
    - a 3% uplift for inflation as a cash limit to charity budgets;
    - contingency funding to cover increased costs associated with the pay award to staff effective from July 2024 and increases in national insurance;
    - transfer of staffing budgets;
    - a clear distinction between local risk, central risk, and recharge budgets; and
    - responsibility for budgetary control placed on departmental Chief Officers.
  5. The resulting resource envelope must be adhered to, as failure to do so will impact Finance Committee's ability to set Council Tax rates for the year ahead and the requirement in law for the City to set a balanced budget.
  6. The budget has been prepared within the resource envelope allocated to the Executive Director Environment, with the following assumption:
    - Support Services budgets reflect the attribution and cost of central departments. All support services are based on time spent or use of services and were reviewed during 2024/25 with the method of apportionment updated to reflect the latest up to date corporate information. However, the full budgets for these departments have not yet been finalised, so further changes to these budgets may be required. Members are asked to agree that the decision as to the changes required to these budgets are delegated to the Chamberlain in consultation with the Executive Director Environment.
  7. Members should note that for 2026/27, the format of the budgets for the charity has been reviewed. The proposed draft budget for 2026/27 has been set out in the format of a summarised Statement of Financial Activities (SOFA) to enable Hampstead Heath to comply with the best practice for the financial reporting of charities, reframing the City's funding as grant funding (subject to formal approval of the grant funding principles and arrangements). A copy of the SOFA can be found in Appendix 1.
  8. The overall proposed 2026/27 draft budget for Hampstead Heath, which includes the charity's relevant operating budgets (local risk and central risk) and recharges & support services budgets, plus the City Surveyor's CWP and building repairs & maintenance budget is £4.383m net expenditure. This is a decrease of £384k when compared with the 2025/26 original budget of £4.767m net expenditure.

9. The latest budget for 2025/26 and provisional draft budget for 2026/27 for the charity is summarised in Table 1 below and further analysed in the charity's SOFA in Appendix 1.

<b>Table 1 - Hampstead Heath (City / deficit funding report style)</b>	Original (OR) Total Budget 2025/26 £000	Latest Total Budget 2025/26 £000	Original (OR) Total Budget 2026/27 £000	Movement 2025/26 OR to 2026/27 OR £000
Local Risk	1,598	1,786	1,828	230
City Surveyors - Repairs & Maintenance	427	427	446	19
Cyclical Works Programme (CWP)	1,707	2,952	1,510	(197)
Central Risk (inc. Depreciation / Investment income)	(1,051)	(1,051)	(1,095)	(44)
Recharges & Support Services	2,086	2,086	1,694	(392)
Capital and Projects	0	0	0	0
<b>Total Net Expenditure</b>	<b>4,767</b>	<b>6,200</b>	<b>4,383</b>	<b>(384)</b>
Depreciation (shown as Funds movement)	(408)	(408)	(408)	0
Investment income (shown as Self-Generated Income)	1,459	1,459	1,503	44
<b>Total Grant Funding</b>	<b>5,818</b>	<b>7,251</b>	<b>5,478</b>	<b>(340)</b>

<b>Table 2 - Hampstead Heath (Charity / grant funding report style)</b>	Original (OR) Total Budget 2025/26 £000	Original (OR) Total Budget 2026/27 £000	Original (OR) Unrestricted Budget 2026/27 £000	Restricted Budget 2026/27 £000	Variance F/(A) 2025/26 OR to 2026/27 £000
Core Grant (Local Risk)	1,598	1,828	1,828	0	230
Additional Grant	4,220	3,650	3,650	0	(570)
Capital / Projects	0	0	0	0	0
<b>Total Grant Funding</b>	<b>5,818</b>	<b>5,478</b>	<b>5,478</b>	<b>0</b>	<b>(340)</b>
Self-Generated Income	5,086	5,434	5,434	0	348
<b>Total Income</b>	<b>10,904</b>	<b>10,912</b>	<b>10,912</b>	<b>0</b>	<b>8</b>
Local Risk Expenditure	6,684	7,277	7,262	15	(593)
Central Risk Expenditure (excl. Depreciation)	0	0	0	0	0
City Surveyors - Repairs & Maintenance	427	446	446	0	(19)
Cyclical Works Programme (CWP)	1,707	1,510	1,510	0	197
Recharges & Support Services	2,086	1,694	1,694	0	392
<b>Total Expenditure</b>	<b>10,904</b>	<b>10,927</b>	<b>10,912</b>	<b>15</b>	<b>23</b>
<b>Surplus / (Deficit)</b>	<b>0</b>	<b>(15)</b>	<b>0</b>	<b>(15)</b>	<b>(15)</b>

## **Latest Revenue Budget for 2025/26**

10. Overall, the 2025/26 latest budget for Hampstead Heath is net expenditure of £6.200m, a net increase of £1.433m compared to the 2025/26 original budget of £4.767m. The reasons for this increase are:

- £1.245m re-phasing of projects falling under the CWP;
- £188k transfer of budgets for support services staff from the Directorate; and
- £135k contingency funding relating to additional costs from the July 2024 pay award and increases in employer's national insurance.

## **Proposed Draft Revenue budget for 2026/27**

11. The proposed 2026/27 draft budget is net expenditure of £4.383m a decrease of £384k compared to the 2025/26 original budget for the charity of £4.767m.

12. Each of the Natural Environment Charities has been targeted to achieve unrestricted operational breakeven within the budget envelope. However, an update will be provided to your Committee's February 2026 meeting subject to further officer review of the baseline budgets to support a request to Finance Committee to increase the budget envelope for local risk elements (i.e. the core unrestricted revenue grant), to address concerns regarding historic underfunding of core operations. Also, as part of the Natural Environment Charities Review, work will continue to be undertaken to identify opportunities for income generation and cost savings.

13. Appendix 1 provides details on budget movements between the 2025/26 original budget and the 2026/27 proposed draft budget. Overall, there is a decrease in net expenditure of £384k. The main reasons for this net expenditure decrease are:

1. (£392k) net reduction in recharges and support services which is attributable to a decrease in recharges from the Directorate following a transfer of support services staffing costs to Hampstead Heath's local risk budget;
2. (£197k) decrease in budgets for CWP projects managed by the City Surveyor relating to the agreed programme for the CWP backlog of works;
3. (£44k) increase in investment income to £1.503m as a result of the basis used for calculating the maximum allowable contribution to the running costs of Hampstead Heath from the Hampstead Heath Trust under the transfer order.
4. £230k increase in core grant from City's Estate compared with 2025/26. This is explained by an inflationary uplift to operational budgets as well as funding provided for cost of living pay rises to staff and the transfer of support services staff from the Directorate.

## **Staffing Statement**

14. Analysis of the movement in staff related costs are shown in Table 3 below:

**Table 3 – Staffing Statement**

Original Budget 2025/26		Latest Budget 2025/26		Original Budget 2026/27	
Staffing Full-time Equivalent	Estimated Cost £000	Staffing Full-time Equivalent	Estimated Cost £000	Staffing Full-time Equivalent	Estimated Cost £000
97.91	5,269	100.34	5,406	103.55	5,572

### Cyclical Works Programme

15. Table 4 below details the budgets held and proposed for the City Surveyor's CWP and building repairs & maintenance:

<b>Table 4 – CWP &amp; City Surveyor Local Risk Hampstead Heath</b>	<b>Original Budget 2025/26 £'000s</b>	<b>Latest Budget 2025/26 £000's</b>	<b>Original Budget 2026/27 £'000</b>
Cyclical Works Programme (CWP)	1,707	2,952	1,510
Planned & Reactive Work – Breakdown & Servicing (City Surveyor Local Risk)	412	412	430
Cleaning (City Surveyor Local Risk)	15	15	16
<b>Total CWP and City Surveyor</b>	<b>2,134</b>	<b>3,379</b>	<b>1,956</b>

### Grant Funding from City's Estate

16. Please note, that the charity's total proposed grant funding from City's Estate amounts to £5.478M for 2026/27, a decrease of £340k (9.42%) compared with the 2025/26 original budget. This is due to the reasons outlined in paragraph 12 with the core grant being based on the equivalent of net local risk expenditure. Please note that investment income is now shown as self-generated income rather than central risk income. A reconciliation setting out how the grant has been calculated for 2026/27 can be found in Appendix 2. The grant from City's Estate is comprised of the following elements:

- Core Grant (Local Risk) - £1.828m – an increase of £230k (14.44%)
- Additional Grant (City Surveyor Works) - £1.956m – a decrease of £178k (8.34%)
- Additional Grant – Recharges and Support Services - £1.694m, a reduction of £392k (18.79%)

17. Please note that the grant does not include funding for depreciation as funding for any capital expenditure has previously been provided to the charity relating to the total purchase price of assets in the year that the expenditure took place. Depreciation is however funded from the charity's designated reserve held for

tangible fixed assets with the £408k depreciation budgeted for 2026/27 as shown in Appendix 1 being funded from this reserve.

### **Draft Capital and Supplementary Revenue Project budgets for 2026/27**

18. The latest estimated costs of the current approved Capital and Supplementary Revenue Projects are summarised below in Table 6:

**Table 6 – Hampstead Heath Draft Capital and Supplementary Revenue Project budgets - 2026/27**

Service	Project	Exp. Pre 01/04/25 £'000	2025/26 £'000	2026/27 £'000	2027/ 28 £'000	Later Years £'000	Total £'000
Hampstead Heath	Hampstead Heath Swimming Facilities - Safety, Access & Security Improvements	854	66	0	0	0	920
Hampstead Heath	Parliament Hill Lido Photovoltaic Panels (Climate Action Strategy)	137	157	0	0	0	294
<b>TOTAL HAMPSTEAD HEATH</b>		<b>991</b>	<b>223</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,214</b>

19. The latest Capital and Supplementary Revenue Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2026.

### **Corporate & Strategic Implications**

Strategic implications – none

Financial implications – none

Resource implications – none

Legal implications – none

Risk implications – the net local risk budget (core unrestricted grant) has been set at a level which will make it challenging to breakeven in 2026/27 (and in future years) without calling on reserves. This may therefore negatively impact delivery of core operations where additional cost savings and/or additional income are not achieved.

Equalities implications – none

Climate implications – none

Security implications – none

## **Conclusion**

20. This report presents the proposed draft revenue and capital budgets for 2026/27 for Hampstead Heath charity for Members to consider and approve.

## **Appendices**

- Appendix 1 – Statement of Financial Activities (SOFA) – Hampstead Heath
- Appendix 2 – Movement between 2025/26 and 2026/27 City's Estate Grant – Hampstead Heath

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